

# Summary of the Corporate Business Plan 2013-2014 to 2015-2016





# [a message from the **minister**]



“Our Government is committed to **providing efficient services** for Canadians, **reducing red tape** for businesses, and **ensuring the integrity** of the tax system.”

— **Gail Shea**

The Government of Canada’s priority is jobs, growth, and economic prosperity. I am pleased that the Canada Revenue Agency (CRA) is helping Canadians and especially small businesses to create jobs in the communities we live in, small and large.

As part of our Government’s *Red Tape Reduction Action Plan*, the CRA is moving to reduce red tape, improve our services and talk to small businesses. Small businesses are the foundation of the Canadian economy. The CRA is listening to Canadian small businesses and moving forward on the changes they have told us are important to them, including improvements to many e-services. In the past year, we have launched a secure enquiries service where businesses can ask confidential tax-related questions. We also created a one-stop online business portal where businesses can easily access tax information and our online services.

The CRA has a responsibility to ensure all taxpayers comply with their obligations and to address willful non-compliance. In particular, we will address high-risk areas like aggressive tax planning, the underground economy, and international tax avoidance schemes, so that Canadians can continue to have confidence in the integrity of the tax system.

As Minister of National Revenue, I am proud to present the CRA’s *Summary of the Corporate Business Plan 2013-2014 to 2015-2016*, which will guide us over the next three years as we continue to make a difference in the lives of Canadians.

**The Honourable Gail Shea, P.C., MP**

Minister of National Revenue and

Minister for the Atlantic Canada Opportunities Agency



# [a foreword by the **chair**]



“The Board will ensure that the CRA has the **strategic framework it needs to move forward** with its long-term strategic directions, and that **modern and effective management practices** are in place – thus ensuring continued success of the Agency.”

— **Susan J. McArthur**

As the CRA advances its Strategic Directions – Vision 2020 – to align itself with evolving needs of taxpayers and businesses, the Board’s goal for the planning period is twofold: first, to ensure that the CRA has the strategic framework it needs to move forward with its long-term strategic directions; second, that modern and effective management practices are in place, thus ensuring continued success of the Agency.

The Board’s strategic focus continues to evolve as Canadian taxpayer needs evolve. In the near term, the Board will focus on oversight of the CRA’s service enhancements across the compliance continuum to ensure they are delivered in the most effective and efficient manner. Given the role information technology plays in delivering the CRA core programs and services to Canadians and businesses, and its critical role in advancing Vision 2020, information technology responsiveness and sustainability will remain a priority for the Board.

The Board and senior management’s focus on maintaining the CRA’s culture of integrity is critical to maintaining Canadians’ trust. As CRA employees are important to the success of the organization and the progress of its long-term strategic directions, the Board will continue to work with management to ensure the CRA has a robust plan to recruit, train, and retain a strong workforce.

The Board will continue to provide oversight in all other areas for which it has statutory responsibility. In this respect, it will work with senior management and continue to use the Board of Management Oversight Framework as a tool for assessing CRA management processes, practices, and results against a clear set of risk-based expectations.

Finally, I am confident that continued collaboration between the Board and senior management will further position the Agency to deliver on its mandate and advance its strategic direction. On behalf of the CRA Board of Management, I am pleased to recommend the CRA’s *Summary of the Corporate Business Plan 2013-2014 to 2015-2016* to the Honourable Gail Shea, Minister of National Revenue.

**Susan J. McArthur**

Chair, Board of Management



# 1 [overview]

## [introduction]

The Canada Revenue Agency (CRA) is Canada's tax and benefit administrator: we processed almost \$419 billion in taxes and duties last year and issued 111 million benefit and credit payments, totalling approximately \$21 billion, for federal, provincial and territorial, and aboriginal governments. We provide services to over 28 million individual and corporate income taxpayers and rely on the collaboration of 1.6 million businesses and employers to deduct income tax at source. Our role is to make it easy for those who want to comply to do so, and to vigorously pursue those who try to evade their obligations as taxpayers and benefit recipients.

During 2011-2012, we:

- answered almost **25 million** telephone enquiries through an agent or an automated system;
- processed over **34 million** tax payments;
- had **87.4 million** visits to our Web site;
- identified **\$14.1 billion** in non-compliance; and
- resolved **\$40 billion** in tax debt.

The CRA is one of the largest government organizations, with over 42,000 employees. Our scope and size means that we play a key role in achieving government objectives and delivering results for Canadians.

This summary of the corporate business plan charts the CRA's priorities over the next three years. The first chapter describes the CRA's Strategic Directions and the areas where

we will focus our ongoing efforts to advance these objectives. The following chapters outline our commitment to continue delivering our core activities according to service standards that are meaningful to Canadians. We strive to adhere to efficiency and effectiveness measures that are challenging but achievable within our resource base. We are working to improve our core activities in response to feedback from Canadians, government priorities, and new opportunities offered by technology.



### The CRA:

- **supports job creation and economic growth**, by simplifying the tax system and easing the compliance burden on business, while making sure that everyone contributes their share to fund government services;
- **helps hard-working Canadian families**, by making sure they get the benefits and credits they are entitled to, on time;
- **strengthens government integrity and accountability**, by providing services in line with the fairness and rigour that Canadians expect and deserve; and
- **contributes to reducing spending**, by streamlining our back-room operations and providing modern, efficient services.



## [overview of the CRA's strategic directions]

Our *Summary of the Corporate Business Plan 2012-2013 to 2014-2015* introduced the CRA's strategic directions, which will enable the CRA to achieve its Vision 2020, and remain a modern world-class tax administration.

The strategic directions will ensure all aspects of our business evolve to respond to significant changes in our environment: responsive real-time online services that meet growing public expectations; a more integrated and dynamic global economy that requires Canadian businesses to be innovative, nimble and competitive; and more numerous and complex tax schemes that can pose a threat to Canada's revenue base.

Change also offers opportunities to improve our efficiency, so that taxpayers get the best value for the public money we spend. In 2012-2013, the CRA introduced a range of short- and medium-term initiatives, the transformation agenda, that will allow us to reduce operating costs and better position the CRA for the future.

The transformation agenda is guided by the CRA's strategic directions and includes:

- enhancing electronic services and increasing their uptake by taxpayers and tax professionals;
- making sure our compliance activities are focused on areas of highest revenue risk; and
- modernizing internal operations.

The majority of the transformation agenda initiatives will be fully implemented by the end of 2013-2014.

The CRA is one element of a larger enterprise: the Government of Canada. The CRA's recent participation in spending reduction, the Red Tape Reduction Commission, and the establishment of Shared Services Canada has shown our ability to contribute to government-wide priorities. As we realize our strategic directions, enterprise-wide approaches to improving efficiency and becoming more citizen-focused will remain front and centre in the CRA's plans.



**The CRA in 2020** is a modern tax and benefit administration in an environment where compliance with tax laws is recognized as good citizenship. Our advanced technology means that most Canadians deal with their tax matters online, when and how they choose. Our high-calibre, professional staff help taxpayers resolve complex issues in real time. Sophisticated use of data and analytics allow us to take timely and decisive action on non-compliance.

## CRA's STRATEGIC DIRECTIONS

### COMPLIANCE CONTINUUM



#### MANAGE

COMPLIANCE INTELLIGENTLY

**From** a variety of approaches to understanding taxpayers and assessing risks within each program

**To** business intelligence and advanced analytics applied across the CRA to ensure the most effective and efficient intervention at the right point in the compliance continuum



#### INTEGRATE

THE TAXPAYER EXPERIENCE

**From** functionally-driven service delivery contact points

**To** a taxpayer-centric approach that minimizes interactions and simplifies access to information and services



#### EARLY

CERTAINTY ABOUT TAX ISSUES

**From** a standardized approach with resource-intensive and lengthy recourse processes

**To** flexible and streamlined practices that are accessible for smaller taxpayers and provide certainty up front for cooperative taxpayers



#### INFLUENCE

COMPLIANCE ATTITUDES

**From** accepting taxpayer compliance posture as a 'given'

**To** promoting the link between paying taxes and maintaining our society through engagement strategies that leverage personal and social norms and employ a variety of media and messengers

### THE LEVERS



#### EXTEND

OUR REACH THROUGH THIRD PARTIES

**From** trying to do it all ourselves

**To** using third parties more systematically to improve program outcomes



#### DRIVE

TO ELECTRONIC

**From** a mix of manual processes and electronic tools designed for specific purposes

**To** fully integrated technology solutions for taxpayer segments and internal services, with the maximum degree of automation and self-service



#### BETTER

DATA, USED BETTER

**From** data repositories that serve specific operational purposes

**To** an enterprise approach to aggregate data that supports a sophisticated analytics capacity

### CORPORATE FOUNDATION



#### OPTIMIZE

OUR ORGANIZATION

**From** an organizational design that emphasizes functional, geographic and historic approaches to workload distribution

**To** an organizational design that promotes taxpayer centric approaches, delivers workload to available technical capacity with effective knowledge management support, and maximizes efficiency



#### BUILD

THE WORKFORCE AND WORKPLACE OF THE FUTURE

**From** a traditional workplace and a workforce that is transactionally-oriented, rules bound, functionally and geographically based

**To** a workplace that is designed to support high performance with a diverse workforce that is knowledge-seeking, innovative, versatile and resilient, driven by values and focused on results

## [roadmap for strategic directions]

The CRA's strategic directions are designed to guide decision-making in all aspects of the CRA's business. As we respond to immediate operational challenges or make program improvement and investment choices, our strategic directions will help us ensure we move toward our long-term vision. CRA leadership believes that we also need to set out a roadmap that will make sure our strategic directions are realized and significant progress is made toward specific objectives over the next three years. We have already started this work with our transformation agenda and we need to ensure that the CRA continues to transform in areas of highest priorities. During the period of this plan, 2013 to 2016, management will focus on developing a roadmap that will continue to move the CRA forward in its approach to service, compliance, integrity, and its work with key stakeholders. The specific commitments we make will respond to government priorities at the same time as advancing the strategic directions.

## [conclusion]

This summary of the corporate business plan demonstrates the CRA's commitment to deliver a world-class tax administration that is responsive, effective, and trusted. It responds to immediate priorities by setting out an ambitious workplan for 2013-2014 that will see us deliver and improve our core activities, implement our immediate transformation agenda, and contribute to Government of Canada initiatives. It also ensures that the CRA continues to realize its strategic directions and responds to Government of Canada priorities by committing us to developing a roadmap that will drive further transformation across the CRA.

The CRA has a strong record of delivering results for Canadians. Our workforce is the reason for this success. We remain confident that the professionalism and dedication of CRA employees will enable us to continue improving the way Canada's taxes and benefits are administered.



## [how to read this plan]

The chapters that follow are based on our main activities as a tax administration:

- Assisting taxpayers;
- Addressing non-compliance;
- Delivering benefits;
- If you disagree; and
- Our corporate foundation.

In each chapter, we provide strategic context on evolving expectations, challenges, and trends relevant to the activity. We will describe the core activities that we will deliver in achieving our mandate, and identify the major improvements that we plan to implement in our core activities over the period of this summary of the corporate business plan. The way we will measure our success is set out at the end of each chapter. Our progress towards the achievement of these activities will be discussed in the CRA's Annual Report to Parliament. This will ensure the transparent and accountable communication of results.

## [total planned spending]

(thousands of dollars)	<b>Forecast spending 2012-2013</b>	<b>Planned spending 2013-2014</b>	<b>Planned spending 2014-2015</b>	<b>Planned spending 2015-2016</b>
Canada Revenue Agency base spending	4,040,107	3,984,465	3,862,040	3,853,451
Items known for 2012-2013 and 2013-2014 but not yet included in outer years' planned spending	703,318	283,000		
Plus: taxpayers' ombudsman <sup>1</sup>	3,124	3,098	2,967	2,970
<b>Total planned spending</b>	<b>4,746,549</b>	<b>4,270,563</b>	<b>3,865,007</b>	<b>3,856,421</b>

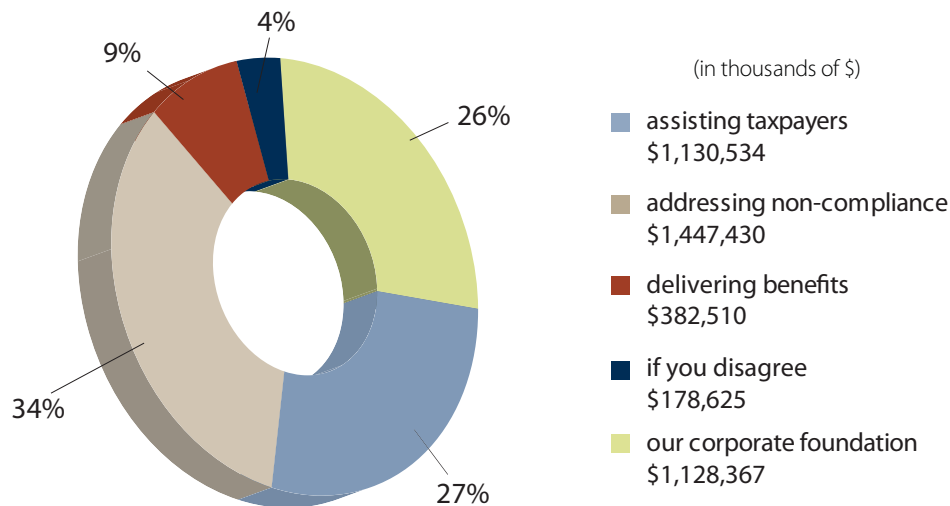
The fluctuations in the budgets are largely due to the fact that certain types of expenditures are included in the current year (2012-2013) and the upcoming Estimates year (2013-2014) but are not yet included in the two outer years.

More specifically:

- There is a carryforward of \$248M from last year included in the 2012-2013 forecast.
- There is \$175M included in the 2012-2013 forecast for maternity and severance payments.
- While there is a statutory provision of \$280M in 2012-2013 and \$283M in 2013-2014 for disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*, we do not have a forecast for future years.

Once these items are accounted for in future years, the remaining variance will be primarily attributable to the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching \$196M by 2015-2016.

### overview of 2013-2014 planned spending



1. Since the Taxpayers' Ombudsman operates at arm's length from the CRA, this summary of the corporate business plan does not reflect the activities of that office.





# 2 [assisting taxpayers]

## [total planned spending]

(thousands of dollars)	Forecast spending 2012-2013	Planned spending 2013-2014	Planned spending 2014-2015 <sup>1</sup>	Planned spending 2015-2016 <sup>1</sup>
	1,199,103	1,130,534	801,437	814,660

<sup>1</sup> The Planned spending in 2014-2015 and subsequent years does not include a forecast of disbursements to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which is not yet available (\$280M in 2012-2013 and \$283M in 2013-2014).

## [introduction]

Voluntary compliance and self-assessment are fundamental to the sustainability of Canada's tax system. Taxpayers are expected to determine their tax liability, submit information, file returns when required, and pay amounts due on time. Often taxpayers ask a representative to help them meet these obligations. This chapter outlines the tools, information, and services that the CRA provides to make it as easy as possible for taxpayers and their representatives to do business with the CRA and get it right from the start. Our activities for assisting taxpayers and representatives include:

- providing information through our Web site, outreach, and social media that is tailored to the needs of different types of taxpayers;
- enabling taxpayers and their representatives to self-serve through online tools like My Account, My Business Account, and Quick Access;
- processing returns and payments quickly and accurately; and
- providing early certainty to taxpayers through our written rulings and technical interpretations on how legislation applies to specific circumstances.

## [what we want to achieve]

To make it easy for those who want to comply to do so, by providing services that are tailored to the needs of taxpayers and their representatives.

## [strategic context]

In a recent study commissioned by Pricewaterhouse Coopers and the World Bank, it was found that Canada ranked eighth out of 185 economies worldwide for ease of paying taxes<sup>1</sup>. The CRA, as Canada's tax administrator, is central to maintaining and improving this result, and we will continue to seek ways to reduce red tape and the compliance burden on taxpayers.

New technologies are changing the way Canadians interact, seek information, and do business. These changes are creating new demands and expectations for our services. Canadians expect government to provide similar levels and channels of service as the private sector. While traditional channels like the telephone and mail remain important,

usage of online services dominates and is expected to continue to grow. The CRA was an early pioneer of e-government and continues to build its range of online information and transactions. Taxpayers and representatives are increasingly turning to e-services to do business with the

CRA: in 2011-2012, the number of businesses enrolled in My Business Account increased by 28%, and the number of online business accounts accessed by representatives grew by 59%. Mandatory e-filing for commercial tax preparers will be introduced in 2013. We expect it will greatly accelerate the growth of online filing for both individual and corporate tax returns.

“ Enhancing the **ability** of taxpayers to interact with the CRA and **meet** their tax **obligations.** ”

1. For more information about Pricewaterhouse Coopers and the World Bank study, go to [www.pwc.com/gx/en](http://www.pwc.com/gx/en).



The CRA is **committed to improving services to small businesses** by reducing government red tape. For example, to lighten the administrative burden and **stop collecting unnecessary information**, we will reuse data within the CRA whenever possible.

Online, interactive services are key to achieving the CRA's strategic direction of providing an integrated service experience to taxpayers and representatives. Expanding the range of taxpayer-specific information and transactions means that individuals and businesses can self-serve when and where they choose. The challenge for the CRA will be to design services that respond to Canadian's expectations for convenience and simplicity, while maintaining the high level of security and reliability that has always been the CRA's top priority. Our corporate research program is helping us to identify the remaining obstacles to online filing so we can improve services in the future.

The CRA has laid out a clear agenda to get more taxpayers to use e-services. Our commitment to efficiency means that, as we invest in improving the online experience, we must continually review and realign our other service offerings. We remain committed to providing access through many channels but recognize that some services that have seen consistently declining use in recent years will no longer be sustainable. As we rationalize our services, discontinuing services like TELEFILE and counter enquiries, we will ensure that taxpayers are informed and supported in choosing from the other options available.

Our telephone service will continue to be an important means of communicating with the CRA. Whatever channel a taxpayer or representative selects, our goal is to address most problems, queries, or transactions the first time a taxpayer contacts the CRA.

As we work on providing a more integrated service experience, we will need to develop our insight into the needs and preferences of taxpayers and representatives, so that we can tailor services and proactively offer support to help taxpayers comply. Our focus on business intelligence will include exploring the use of analytics and research to improve services.

## [our core activities]

### providing information

Voluntary compliance depends on individuals and businesses being able to easily find and understand information about their tax obligations and how to comply with them. The CRA will continue to use several channels to provide information to taxpayers and representatives.

The CRA's Web site is the primary channel for providing quick and accessible general information to taxpayers and their representatives. We maintain 155,000 pages of information, which are regularly updated, and in 2011-2012 we received 87.4 million visits to our Web site. We also offer information through social media, online webinars, as well as information sessions on subjects such as registering as a charity or for scientific research and experimental development (SR&ED) tax credits. Taxpayers or representatives who choose to access more individualized service can speak directly with a call centre agent or write to the CRA.

While our phone service continues to be one of the preferred service channels for many taxpayers, we recognize that social media is a popular way to receive simple information. In response, the CRA has created YouTube videos about preparing income tax and benefit returns. In addition, we have used Twitter to provide short updates and alerts for followers.

Over the planning period, we will evolve how we provide information by:

- expanding the number and range of online videos and webinars; and
- increasing the use of social media platforms like YouTube and Twitter.

## **early certainty on complex transactions**

In addition to offering general information to individual taxpayers, we provide detailed material on how tax laws apply in specific situations, and decide on the tax treatment in advance of certain business transactions. Businesses that are involved in scientific research can access specialized advisory services to help determine if they are eligible for scientific research and experimental development claims. Corporations carrying out international transactions can get advance transfer pricing arrangements for transactions between related companies, giving certainty that the approach complies with Canada's tax laws. Corporations and individuals can request income tax and GST/HST rulings in advance of completing specific transactions. These services help taxpayers and their representatives determine how complex tax rules should be interpreted in their circumstances.

Business transactions often take place quickly, are complex, and involve large sums. Clarity about how GST/HST will apply or how transactions will affect income tax lets businesses know that they can proceed with the confidence

that they are complying fully with their tax obligations. Given these circumstances, it is important that our information be proactive, timely, accurate and easily accessible.



High-quality, accessible, technical information provided in a timely fashion allows for greater early certainty and supports voluntary compliance. High levels of voluntary compliance are essential to the efficiency and effectiveness of our tax system. Our income tax and GST/HST rulings functions are advancing innovative approaches to providing technical information. We are launching Income Tax Folios, a Web-based product that will increase the relevance and accessibility of the technical information we provide to taxpayers and their representatives. These new Folios will be organized by topic and will take advantage of the latest Web functionality. We will consult tax professionals to ensure we are working on folios that are most important and relevant to taxpayers and their intermediaries. We are also engaging tax intermediaries under an External Contributor Framework to help us draft some of the folios. This strategy will help us to better anticipate information needs.



Recognizing that **smartphones** and **tablets** are quickly becoming the new power players in technology, the CRA has partnered with external software providers to incorporate **mobile tax applications** into the CRA's mobile channel landscape. This innovative option will **help the CRA keep pace** with this rapidly developing service channel.

Legislation is constantly changing and taxpayers and their representatives now have greater access to technical information than ever before. As a result, the questions and issues we face are increasing in sophistication. As tax professionals become more highly specialized, they expect CRA employees to maintain a similar high degree of technical expertise. To respond to these needs, the CRA is committed to providing staff with relevant, timely, and accessible training and knowledge-sharing. We are promoting greater collaboration between different programs in the CRA and stakeholders to make it easier to share business intelligence and foster a better understanding of taxpayers' and representatives' needs and expectations.

Over the planning period, we will:

- work collaboratively with stakeholders such as tax intermediaries to improve program and service delivery; and
- expand our use of Web technologies to facilitate employee collaboration, interactive learning, and knowledge transfer in order to ensure our people maintain the knowledge and skills they require.

## e-services

The CRA has established a strong foundation in e-services and continues to seek ways to expand the range of functions that taxpayers and representatives can carry out online, as well as to make these services as simple and intuitive as possible. Over the next three years, the CRA will introduce three significant new online features:

- e-Documents;
- e-Delivery; and
- e-Payments.

e-Documents will offer a secure method for taxpayers and their representatives to transmit or submit supporting documentation and receipts to the CRA.

e-Delivery will enable us to electronically inform taxpayers that they have correspondence or a request from the CRA that they need to view through a secure portal. e-Delivery will save on postage costs and enable us to contact taxpayers more efficiently. This translates into increased early certainty and faster resolution of tax issues for both the taxpayer and the CRA.

e-Payment will allow us to increase the number of channels taxpayers can use to pay their tax amounts. e-Payments include electronic pre-authorized debits that will authorize the CRA to withdraw a predetermined payment amount directly from a taxpayer's account at a Canadian financial institution on a predetermined date.

Other enhancements to My Business Account include displaying balances such as non-capital losses and refundable dividend tax on hand for the last five tax year-ends. We will enhance our capacity to accept different types of returns and increase the number of forms that can be issued. We believe that these improvements will help simplify the tax system for businesses.

Beginning in January 2013, tax preparers who are paid to prepare more than 10 income tax returns in a year will have to file them electronically. This new requirement applies to both T1 individual income tax and benefit returns and T2 corporation income tax returns for 2012 and later tax years. This change is in line with our strategic direction to move more taxpayers and representatives to electronic services.

We will ensure that we have the information technology systems to support reliable, secure e-services. Our project to modernize T1 (individual income tax) systems will support the advancement of electronic service delivery, client self-service, and the transformation of internal business processes.

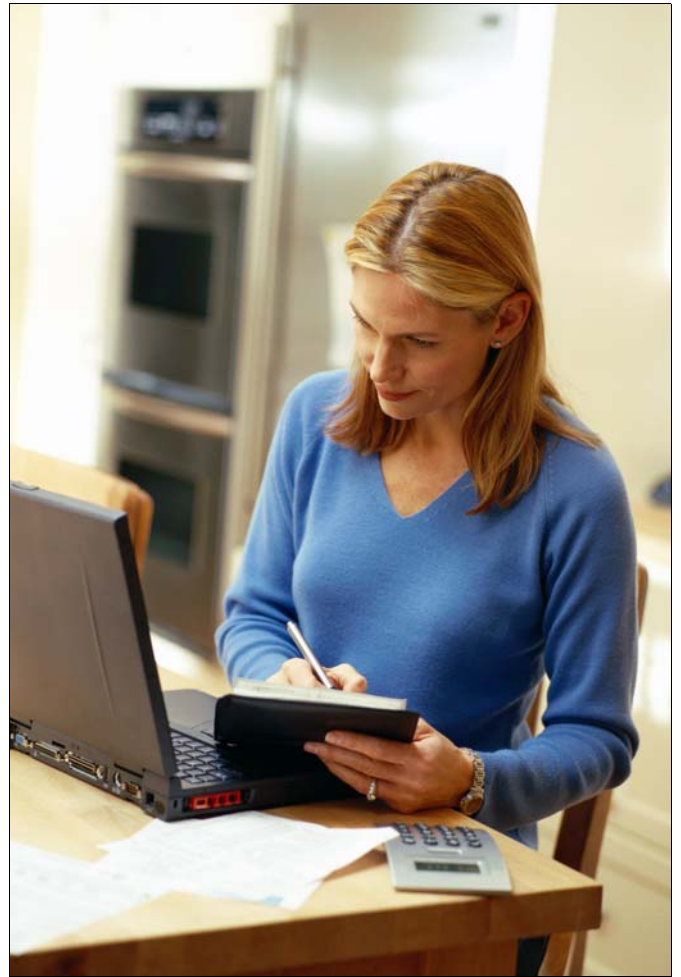


Over the planning period, we will:

- expand e-Documents to the individual T1 population in 2013;
- introduce e-Delivery to My Business Account (in 2013), Represent a Client (in 2014), and My Account (in 2015); and
- implement pre-authorized debits for businesses in 2014.

## [conclusion]

We will strengthen service to Canadians by capitalizing on technological innovations that allow taxpayers and their representatives to access our information and services electronically while maintaining alternative channels for those who are unable or do not want to use e-services. We will work to make our services easy to use and tailored to the needs of specific taxpayers or groups of taxpayers. We will use business intelligence to inform our efforts to help taxpayers get it right from the start, and maintain our technical capacity to deal with complex transactions. Reducing red tape and simplifying service for small business will be a particular focus, but we will maintain our commitment to service for all taxpayers.



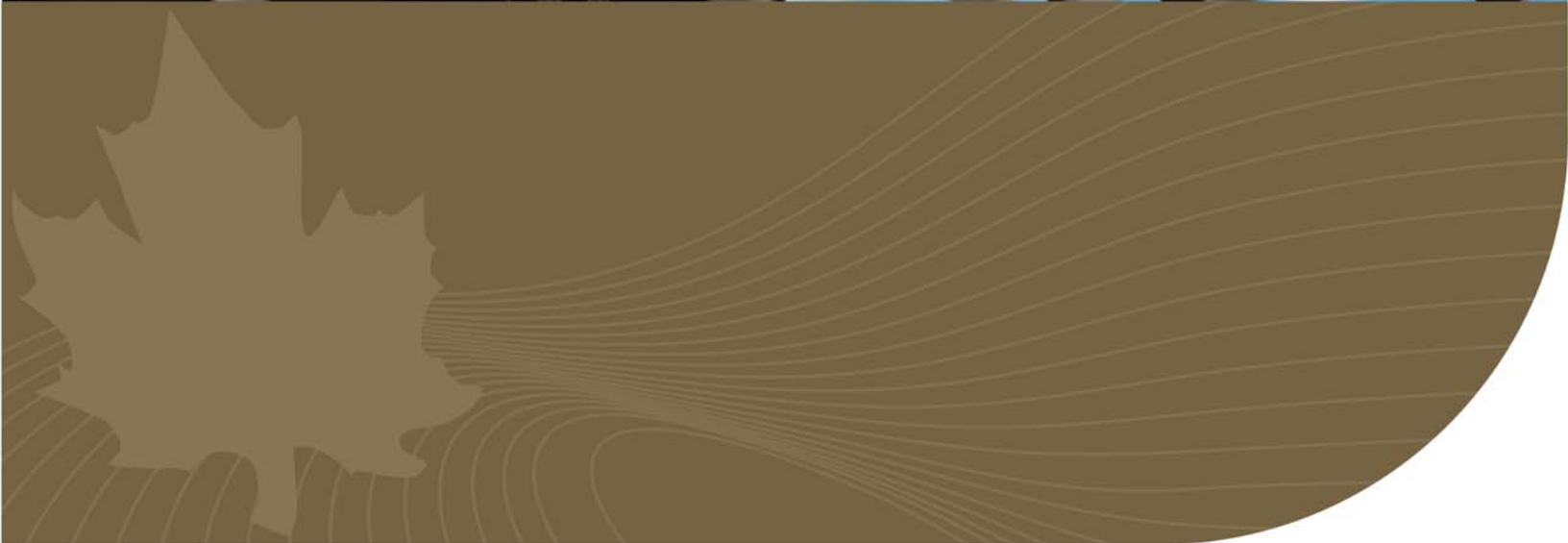
## [our performance indicators for assisting taxpayers]

We use the following indicators to assess whether we are achieving our core business outcome.

Our core business outcome – Taxpayers have access to the information and the services they need to voluntarily comply with tax laws.		
Activity	Performance indicator	Expected result <sup>1</sup>
<b>Voluntary compliance</b>	Rate of filing	90%
	Rate of registration	90%
	Rate of remittance	90%
<b>Quality of service</b>	Percentage of service standards met for assisting taxpayer	100%
<b>Migration to electronic<sup>2</sup></b>	Rate of electronic filing for individual returns	70%
	Rate of electronic filing for corporate returns	75%

<sup>1</sup> Source: Performance Measurement Framework 2013-2014, except for rate of electronic service offering usage.

<sup>2</sup> The CRA has previously identified an upward trend as the target for these indicators. We expect to adjust the annual target year to year to ensure it reflects a challenging but achievable objective.



# 3 [addressing non-compliance]

## [total planned spending]

(thousands of dollars)	Forecast spending 2012-2013	Planned spending 2013-2014	Planned spending 2014-2015	Planned spending 2015-2016
	1,582,348	1,447,430	1,405,359	1,394,407

## [introduction]

In the previous chapter we outlined our plans for assisting taxpayers. Our tax system is based on the premise that the vast majority of taxpayers will voluntarily comply. However, as responsible administrators we must actively enforce compliance in cases where taxpayers, through neglect, avoidance, or fraud, do not meet their obligations.

“ We use advanced analytics and research to improve our ability to identify areas of highest risk. ”

The CRA identifies and addresses non-compliance through seven distinct program activities that range from automatically correcting errors on tax returns, to investigating and prosecuting taxpayers involved in tax evasion. These activities include:

- validating all tax returns;
- pre-assessing identified tax returns to correct errors before the notice of assessment is issued;
- post-assessing identified tax returns for specific elements such as tax credit claims and divergence from the third-party information that we have received;
- pursuing individuals and businesses that have not filed a tax return and registered for the GST/HST;
- reviewing, examining, and auditing tax returns for accuracy and completeness;
- collecting amounts due; and
- conducting criminal investigations and prosecutions.

Employers play an important role in supporting our tax system. They are responsible for withholding, remitting, and reporting payroll deductions. In 2011-2012, businesses collected \$222 billion in source deductions payments on behalf of the Government of Canada. We direct our source deductions compliance activities toward the small minority of businesses that do not properly withhold funds to be remitted to the Receiver General. Although non-compliance rates are relatively low, the amounts at risk are significant.

## [what we want to achieve]

To identify and address that small segment of the population that does not file a return, register when required, report the correct amounts, or remit amounts due.

## [strategic context]

Compliance interventions can be viewed as a process that moves from influencing compliance to enforcing it. As we move toward enforcement, our activities become more focused, targeted, and more resource-intensive. Because enforcement is expensive, we manage our compliance activities intelligently by using a risk-based approach that focuses on the high-risk cases while considering resource constraint.

## business intelligence

We use advanced analytics and research to improve our ability to identify areas of high-risk. This ensures that our interventions are timed and targeted for maximum impact. For example, the Integrated Revenue Collections project is using exploratory data mining and predictive analytics to improve the collection and analysis of data. This project has allowed for the integration of business intelligence with program management at a level that was not previously attainable. The CRA will continue to improve its business intelligence tools and decision making processes through the use of these new and emerging business intelligence technologies.

These findings are giving us insights that guide our strategic approach and that sustain optimum levels of voluntary compliance. For example:

- Our research tells us that taxpayers who are installment remitters are seven times more likely to have a debt when we perform the initial assessment. Using business analytics we were able to determine that this segment accounted for more than half the T1 debt when we

perform the initial assessment. Based on these findings, we developed a workload strategy to focus on this high-risk group and remind them of their obligation to remit all sums due. This has reduced the instances of unpaid taxes at the time of the assessment.

- Our new Research Audit Program is a large-scale, multi-year research project that provides baseline data on the effectiveness of our current risk models. It will also provide insight into segments of the taxpaying population of which we may have little knowledge of. Inferences drawn from this data will lead to more informed, evidence-based decision-making in the future. Over the planning period, we will begin receiving and analysing results from the Research Audit Program.
- Recognizing that employers play an important role in collecting and remitting source deductions, we have begun a four-year system redesign estimated at \$15 million, which will enable the CRA to better understand employer non-compliance.



Our focus on business intelligence is giving us insights that we are using to **improve our processes** and guide our strategic approach. For example, our analytics have told us that installment remitters are seven times more likely to have a debt when we perform the first assessment. We used this information to **reduce the risk of non-compliance** by making these taxpayers more aware of their obligations before we carry out the initial assessment.



The Electronic Transfer of Accounting Data program is only one example of how the CRA is **using technology** to manage compliance intelligently and **improve the taxpayer's experience.**

## drive to **electronic**

As part of our drive to manage compliance more intelligently, we are pursuing strategies that use technology to the advantage of the CRA and taxpayers. One example of this is the Electronic Transfer of Accounting Data program, which allows taxpayers to share their books and records electronically with the CRA through My Business Account. This innovation means that a higher percentage of audit files will have electronic data available. Providing information electronically is often easier for taxpayers and allows us to move information quickly to where it is needed to carry out our work.

The CRA is committed to simplifying compliance requirements and minimizing the number of interactions with taxpayers. We have made it a priority to enhance our online portals. For example, Our Represent a Client portal enables tax representatives to carry out account-specific transactions on behalf of the individuals and the businesses they represent. These enhanced features make it easier for tax preparers and professionals to manage accounts and retrieve client information.

## our **people**

Choosing the right files at the right time is only a first step to effectively detecting and addressing non-compliance. Another key element is quality assurance. To support the quality of our work, we must ensure that our people acquire and maintain the expertise to respond to ongoing developments in the tax environment. To satisfy this requirement, the CRA ensures that its people have access to relevant, timely, interactive, and accessible training and knowledge-sharing. Our approach will only be sustainable if we can make sure that all of our compliance activities are of the highest possible standard. This dual focus on effective evidence-based risk modelling and quality assurance supports our strategic direction of managing compliance intelligently.

## [our core activities]

### aggressive **tax planning**

Aggressive tax planning (ATP) is a significant compliance challenge and a priority for the CRA. The globalization of commerce and labour mobility have made offshore financial transfers and investments accessible to a wider range of taxpayers. ATP schemes are now within the reach of most taxpayers and not just businesses or high-net-worth individuals. For this reason, ATP represents a real and emerging threat to our revenue base.

These schemes can take many forms and usually involve very complex structures with both domestic and international elements. ATP schemes are arranged by tax planners and promoters for individuals, trusts, and corporations. While these schemes may have some legal basis in a technical sense, they often go well beyond what Parliament intended when the laws were passed. By finding ways around our tax laws, these schemes cause significant material risk to Canada's tax base and undermine the integrity and fairness of our tax system.

ATP schemes are complex and constantly changing. We rely on two primary tools to counter ATP. These are the knowledge and technical skills of our people and the

possession of accurate and current intelligence. Our auditors are highly skilled and we support them through training and by sharing the latest information we have gathered on ATP schemes and tactics. We gather much of this intelligence by working collaboratively with other tax jurisdictions and international organizations. We engage other tax jurisdictions in bilateral and multilateral forums to improve information- and intelligence-sharing, discuss best practices, and develop strategies to address known tax havens that sometimes support ATP schemes. The intelligence we gather is also used to close tax loopholes and strengthen existing legislation.

Our ATP strategy focuses on:

- identifying and detecting ATP arrangements early;
- publishing tax alerts and other material to encourage compliance and to deter non-compliance; and
- applying third-party penalties on promoters and tax practitioners who prepare or promote false statements about ATP.

Over the planning period, we will:

- expand our collaboration with other tax authorities and governing bodies to enhance our understanding of ATP schemes and offshore compliance issues;



The CRA has a **multi-faceted strategy** to combat aggressive tax planning. It includes using **specialists at our centres** of expertise and **working with other tax jurisdictions.**

- pursue opportunities for greater international collaboration in exchanging intelligence and information, such as banking and financial transaction data;
- use predictive analytics to identify areas of serious risk;
- address Registered Retirement Savings Plan schemes by developing risk assessment processes to identify high-risk cases; and
- propose legislative amendments to the Department of Finance to close loop-holes and reduce opportunities to participate in ATP schemes.

## international engagement

In Canada and around the world, globalization continues to create complex and dynamic international taxation issues. Canadian individuals and businesses make international transactions worth hundreds of billions of dollars every year. Increasing cross-border commerce and the fluid and rapid movement of international capital represent significant challenges for tax administrators of all countries.

In the context of this global tax environment, international collaboration is essential to ensure integrity, compliance and fairness in the application of tax laws. Responding to changing international dynamics means we have to effectively target our engagement both bilaterally and in multilateral forums, to support the development and application of international standards in the area of tax.

Over the planning period, we will:

- support and engage with international and regional tax organizations and individual countries, to promote and influence the development and application of international tax standards and principles, and to promote compliance, and, address issues of non-compliance.

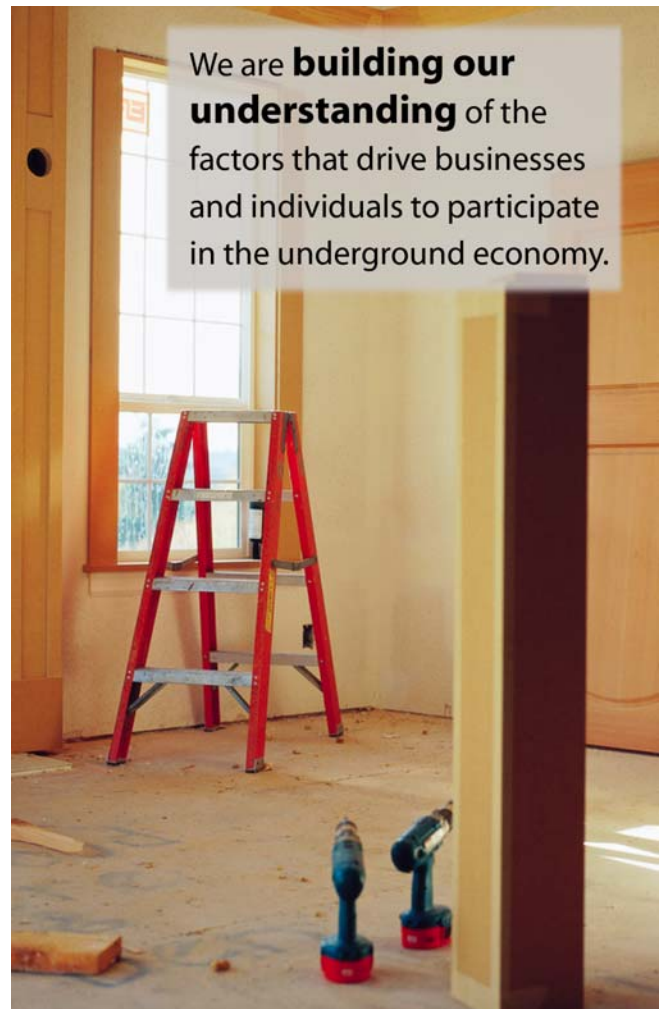
## underground economy

The underground economy occurs when a transaction takes place that is unreported or under-reported for tax purposes. We are using a multi-faceted approach to build our understanding of the factors that drive businesses and individuals to participate in the underground economy.

In addition to our own in-house research and analytics, we often draw on third-party research to enhance our understanding. For example:

- The 2012 Statistics Canada report on the underground economy found that underground economic activity in Canada was equivalent to 2.3% of the gross domestic product in 2009, which was down from the 2.9% reported in a similar 1992 study. The same study also found that three sectors accounted for almost 60% of this activity.

We use research findings such as these to build our strategic approach to the underground economy and support our resource allocation decisions. We are also engaging in research, audit, and outreach projects to identify and target regional underground economy risks.



Innovative techniques and strategies are being used to address the underground economy. The CRA continues to evolve its communications strategy, using a mix of education and outreach activities to make Canadians aware of the negative impacts of the underground economy. One example is a letter-writing campaign targeting sectors of high underground economy risk to proactively encourage compliance.

Over the planning period, we will:

- continue to focus our underground economy audit resources on the construction, hospitality, and retail trade sectors;
- explore new measures to support our efforts to combat the electronic suppression of sales in the retail and hospitality sector;
- establish specialized regional audit teams to target underground economy risks that may be unique to specific regions; and
- collaborate with other federal agencies and departments, levels of government, and tax administrations to exchange information and identify best practices.

## large **business compliance**

Large businesses contribute greatly to the Canadian tax base. Our approach to this sector is an example of how we are moving toward managing compliance more intelligently and supporting our Vision 2020 agenda.

We have refined our risk-based approach to large businesses and have divided it into five risk segments.

In practice, this means fewer interventions for low-risk segments and, therefore, less of a burden on them. We will focus our resources instead on higher-risk segments, which will see increased scrutiny from us. This approach is a more efficient and intelligent approach to addressing non-compliance.

Over the planning period, we will:

- consult with large corporate entities to obtain their feedback on the new approach; and
- develop a Compliance Assurance Review Framework for low-risk segments.

## **small and medium enterprises**

The CRA will improve the quality of the audit interventions for small and medium enterprises (SME). Our goals are to create greater consistency in audit file-selection, to focus on high-risk files, to increase the capacity to accumulate and use business intelligence, to improve the quality of the audits, and to enhance the identification of auditor training

needs. This will be achieved in part through Business Intelligence and Quality Assurance initiatives.

Over the planning period, we will:

- centralize audit workload selection under a new Business Intelligence and Quality Assurance structure in the CRA's regions;
- explore opportunities to use technology and expand workload functions to enhance support of electronic commerce audits;
- strengthen our audit quality review and quality assurance processes; and
- lighten the compliance burden on small businesses by supporting government initiatives such as the Red Tape Reduction action plan.

## tax **intermediaries**

Research shows that 67% of small and medium enterprises use tax intermediaries. This suggests that intermediaries can play a significant role in addressing non-compliant behaviour.

Tax intermediaries provide a critical link between the taxpayer and the CRA because they are the first point of contact for the majority of businesses when they interact with the CRA. Businesses rely on the knowledge and professionalism of these intermediaries to address their tax obligations.

Internationally, tax administrations are moving to recognize, support, and monitor the role of these important players in the tax system.

Over the planning period, we will:

- consult with key stakeholders to develop a more effective strategy to engage tax intermediaries.

## other **activities**

In addition to implementing these new initiatives in the planning period, we will:

- improve how efficiently we manage tax debt by better understanding taxpayer behaviour and compliance risks;
- focus on GST/HST compliance; and

“ We are moving towards improving the quality of our audit interventions for **small and medium enterprises.** ”



- use litigation and legislation to deter tax avoidance and evasion.

## [conclusion]

Our tax system is based on the principles of self-assessment and voluntary compliance. This system depends in large measure on taxpayers knowing that our system is fair and equitable and that non-compliance is not tolerated. If we look internationally, we can see examples of how the revenue base can erode rapidly when citizens lose faith

in their tax system. For this reason, the CRA will continue to address non-compliance proactively and vigorously, by improving business intelligence to identify and deal with those who attempt to undermine our tax system by not paying their fair share. We will also focus on ways to simplify compliance requirements and support efforts to reduce red tape so that it is easier for taxpayers to comply. As always, the success of our efforts will be supported by the capability, drive, and determination of our employees. In this way, we will maintain the trust of taxpayers and strengthen the integrity of our tax system.

## [our performance indicators for addressing non-compliance]

We will use the following indicators to help measure our success in better detecting and addressing non-compliance. We will also use qualitative indicators to provide a comprehensive understanding of our results.

Our core business outcome – Identified non-compliance is addressed.		
Activity	Performance indicator	Expected result
<b>Detect and deter non-compliance</b>	Change rates	
	• International and large businesses	90%
	• Small and medium enterprises	75%
	• GST/HST	75%
	• Underground economy	75%
	Audit yield rates	upward trend
	Percentage of tax paid resulting from compliance action	TBD
<b>Payment of outstanding debt</b>	Percentage of tax services office intake resolved in the year of intake	60%
	Percentage of production to intake for accounts receivable in the tax services office	90%
	Percentage of accounts receivable over five years old	18%



# 4 [delivering benefits]

## [total planned spending]

(thousands of dollars)	Forecast spending 2012-2013	Planned spending 2013-2014	Planned spending 2014-2015	Planned spending 2015-2016
	383,130	382,510	382,314	385,942

## [introduction]

Our benefit programs touch the lives of over 20 million Canadians who depend on the Canada Child Tax Benefit, the GST/HST credit, and the Children's Special Allowance to improve their standard of living and their quality of life. We provide accessible information and services to ensure that our citizens receive the benefits and credits they are entitled to, in a timely fashion.

## [what we want to achieve]

To contribute to the social and economic well-being of Canadians by quickly and accurately delivering the benefits and credits to which they are entitled to.

## [strategic context]

In line with CRA's strategic directions, we are re-engineering the way we do business to maximize how we use automation and e-services to increase efficiency, gather and use data, and better serve our government clients and benefit recipients.

Our goals are to:

- ensure timely and accurate benefit payments;
- position the CRA to take on more business;
- improve our systems and operational flexibility; and
- capitalize on opportunities to streamline procedures and reduce interactions with recipients.

“ We will continue to ensure that **we pay the right benefits, at the right time, to the right recipients.** ”

## [our core activities]

The CRA is one of the largest service organizations in the federal government. We play a vital role in providing income security to Canadians. Our core benefit activities include delivering:

- six federal benefit programs;
- 25 ongoing benefit programs that we administer on behalf of the provinces and territories; and
- several one-time payment credit programs.

It is important to benefit and credit recipients that we deliver accurate and timely payments. Our challenge is to ensure that we also meet the service and cost expectations of our government clients and remain responsive to the needs of individual benefit recipients. The most effective means of achieving this delicate balance is by adopting innovative service solutions. We will achieve this balance by:

- taking a client-focused approach that minimizes interactions and simplifies access to information and services;
- ensuring that our solutions are supported by evidence, data, and trend analysis; and
- continuing to provide secure and stable service delivery that is cost-effective for our government clients.

## ensuring accurate payments

Our goal is to ensure that the right benefit entitlement is paid to the right individual. We accomplish this by conducting reviews to identify possible areas of non-compliance. Our reviews may decrease or increase benefits depending on the recipient's individual circumstances. The validation process is designed to maintain the integrity of child and family benefit and credit programs. It also helps to inform individuals about their eligibility for benefits and credits. Maintaining the integrity of these benefit programs is vital to ensuring that we do not create undue hardship for individuals.

## electronic services

The CRA is a leader in delivering government e-services and we will continue to build upon our expertise in this field. We will be leveraging e-service technology to increase operating efficiencies and to streamline our service delivery. Two good examples of how we are using technology are:

- e-documents; and
- e-delivery.

e-Documents will allow benefit recipients to send us all required documentation, such as proof of birth or citizenship, completely electronically.

e-Delivery will allow us to electronically notify recipients of the Canada Child Tax Benefit, the GST/HST credit, and all provincial and territorial benefits programs of correspondence or action requests.

The introduction of the Automated Benefit Application (ABA) service has eliminated the need for separate applications for credits that the CRA delivers, including federal and provincial or territorial benefits. As part of the ABA service, the CRA receives birth information directly from provincial or territorial statistics agencies and uses this information to register Canadian newborns for the benefit and credit programs that we administer. This service has allowed the CRA to further simplify and reduce benefit recipients' application burden.

Over the planning period, we will:

- expand the use of our ABA services to the remaining provinces and territories;
- expand the e-documents functionality to the benefits recipient population in 2014; and
- introduce e-delivery to My Account.

## benefits system renewal

The objective of this project is to renew and strengthen the CRA's benefits system by modernizing processes and incorporating more efficient technologies to address identified risks. By the end of 2018, we will have invested over \$55 million in the Benefits System Renewal project. This will ensure uninterrupted delivery of benefit programs and services, and provide a solid foundation for the CRA to continue to respond to opportunities for growth in program and service delivery on behalf of our government partners. This enhancement will also prevent payment errors following life events like marital status or address changes.

Over the planning period, we will:

- develop and streamline our processing system and improve payment accuracy; and
- improve system sustainability and data quality.



## [conclusion]

By providing accurate and timely payments, we make sure that individuals receive the benefits they are entitled to and that our government clients receive the efficient and reliable service that they deserve and expect. To achieve this, we strive to ensure that our workforce has the skills and knowledge necessary to provide Canadians with the benefits they deserve, to improve their lives, and to support economic growth and development.

## [our performance indicators for **delivering benefits**]

We use the following indicators to assess whether we are achieving our core business outcome.

Our core business outcome – Canadians have access to the benefits and credits they are entitled to and related payments are timely and correct.		
Activity	Performance indicator	Expected result <sup>1</sup>
<b>Quality of service</b>	Percentage of administering benefits service standards met	100%
<b>Migration to electronic</b>	Rate of electronic service offering usage	Upward trend

<sup>1</sup> Source: performance measurement framework 2013-2014 except for rate of electronic service offering usage





# 5 [if you disagree]

## [total planned spending]

(thousands of dollars)	Forecast spending 2012-2013	Planned spending 2013-2014	Planned spending 2014-2015	Planned spending 2015-2016
	179,149	178,625	173,148	169,228

## [introduction]

Timely, impartial, and consistent redress and complaint mechanisms help support our voluntary compliance system. High levels of voluntary compliance can only be sustained by maintaining the trust of those who are being asked to comply. This faith in our administration is built upon perceptions of fairness, impartiality, and integrity. These perceptions are validated by redress and complaint processes that allow taxpayers and benefit recipients to contest our decisions, voice their dissatisfaction with our services and, when warranted, seek relief.

## [what we want to achieve]

To strengthen taxpayers' trust in our tax and benefit administration by providing timely, impartial, and consistent redress and complaint processes.

## [strategic context]

In a recent survey, respondents were asked to rate the CRA on three specific aspects of service: respect toward taxpayers, fair treatment of taxpayers, and the ease of understanding of the information provided to taxpayers. The respectful treatment of taxpayers received the highest rating of the three aspects. On a scale of 1 to 10, 45% of Canadians rated the CRA at 8 or higher for its respectful treatment of taxpayers, while 41% gave the CRA similar high ratings for its fair treatment of taxpayers.

Treating taxpayers with respect and fairness is clearly a key element in maintaining the trust of Canadians in our tax

“ Our processes ensure **transparency and fairness** in how we administer **statutes and programs.** ”

administration and sustaining our voluntary compliance system. Our redress and complaint processes support the compliance continuum by positively influencing compliance attitudes and demonstrating that our decisions are fair and impartial. This enhances the integrity of our tax and benefits administration.

## [our core activities]

Our recourse processes fall into three categories:

- lodging formal service complaints;
- providing taxpayer relief; and
- reviewing our decisions.

### service complaints

If taxpayers cannot resolve an issue to their satisfaction through normal interaction with our employees, they can lodge a formal complaint through our Service Complaints program. This program has its origins in the Taxpayer Bill of Rights, which is made up of eight service rights, seven statutory rights, and five commitments to small businesses. The program offers taxpayers a formal process for resolving

complaints about mistakes, undue delays, and other service-related issues. We conduct ongoing analyses of all formal service-related complaints. We use this information to identify trends and improve our service delivery and business processes by addressing the causes of these difficulties.

If taxpayers are not satisfied with how their complaints are resolved, they have the right to take their issues to the Office of the Taxpayers' Ombudsman.

In the planning period, we will:

- strengthen our business analytics capacity to better identify trends in service complaints.

## taxpayer relief

Taxpayer relief provisions help taxpayers who are unable to meet their tax obligations because of circumstances beyond their control. These provisions allow the minister to offer relief to individual taxpayers in situations where the strict application of the law would be unreasonable or unfair.

These provisions allow for:

- cancelling or waiving penalties and interest;
- accepting late, amended, or revoked income tax election; and
- issuing refunds or adjustments beyond the normal three-year period (for individuals and testamentary trusts).

In the planning period, we will:

- work with our regional offices to reduce processing times for requests for taxpayer relief.

## administrative review

The CRA has a statutory duty to provide an administrative review process that allows for the timely and impartial review of disagreements arising from our decisions. We deal with disputes that arise from assessments of income tax, excise tax, GST/HST, Canada Pension Plan (CPP) and Employment Insurance (EI), benefit programs, softwood lumber products export, air traveller security, and charities.

If a tax dispute cannot be resolved to the taxpayer's satisfaction through our formal administrative review processes, the taxpayer can also appeal to the Tax Court of Canada. The Department of Justice serves as our advocate in these cases and we work closely with it to make sure that our positions are defended and fully communicated to the Court.

By modernizing business practices and optimizing our delivery structure, we expect to see productivity gains that will allow us to more efficiently process these complex files.

“ Treating taxpayers with **respect and fairness** is clearly a **key to maintaining the trust** of Canadians. ”



The CRA will continue to invest additional resources to mitigate the risks associated with the increasing inventory of objections. Administrative disputes held pending the outcome of court decisions comprise a significant portion of the objections currently in our inventory. Managing these files proactively, to ensure the CRA is in a position to process them on a timely basis when the courts render their decisions, and the files move to an active status, remains an

important objective. By centralizing skill sets and consolidating the processing of common or group objections, the CRA will be in a better position to resolve these disputes efficiently.

In the planning period, we will:

- reduce workable inventory levels of objections and timeframes for addressing unassigned inventory; and
- contain litigation costs by enhancing controls and analysis.



## [conclusion]

Our ability to protect Canada's revenue base depends on maintaining the public's trust and confidence in how we enforce statutes and deliver programs. We will continue to build this trust by ensuring our staff have the capacity to provide timely, impartial, and consistent processes for administrative review and addressing complaints. We will also continue to provide timely relief to those taxpayers who are unable to meet their tax obligations because of circumstances. These processes are important because they positively influence compliance attitudes and enhance the integrity of our tax and benefits administration.



## [our performance indicators – if you disagree]

We use the following indicators to assess whether we are achieving our core business outcome.

Our core business outcome – Canadians have access to impartial and timely review of contested decisions.		
Activity	Performance indicator	Expected result <sup>1</sup>
<b>Redress</b>	First contact letter for disputes within 30 days	85%
	Service complaints – acknowledged within 2 business days	80%
	Service complaints – resolved within 30 business days	80%
	Average age of Appeals workable inventory (in days) – income tax files	neutral or downward trend
	Appeals activities that met standards for consistency – income tax files	97%
	Appeals activities that met standards for transparency – income tax files	98%
	Taxpayer relief provisions – consistent application (per Quality Assurance Program)	95%

<sup>1</sup> Sources: CRA service standards and 2011-2012 Annual Report to Parliament



# 6 [our corporate foundation]

## [total planned spending]

(thousands of dollars)	Forecast spending 2012-2013	Planned spending 2013-2014	Planned spending 2014-2015	Planned spending 2015-2016
	1,399,696	1,128,367	1,099,782	1,089,215

## [introduction]

The CRA is recognized as a world-class tax and benefit administrator. We play a central role in delivering important benefit programs that provide income support for the federal, provincial, and territorial governments. We support economic growth by reducing the compliance burden, helping to make Canada a desirable place to do business. Our success as an organization is built on a solid corporate foundation that is sustained by modern business practices, a sound infrastructure, and a professional and innovative workforce.

“ We continually look for new ways to execute our mandate more efficiently and effectively. ”

- activities that were once paper-based or required face-to-face interactions are now occurring independent of geographic location;
- knowledge workers, with diverse skill sets, are a growing proportion of our workforce; and
- we are leveraging technology to create a more dynamic work environment that allows employees and managers to be more productive and collaborative.

However, we recognize that to move closer to realizing our strategic vision we must go further to:

- improve business intelligence to allow us to more effectively identify emerging risks and trends;
- capitalize on opportunities to develop greater organizational agility;
- maximize productivity to achieve efficiencies and maintain services; and
- build on our culture of integrity to maintain the public's trust in our ability to safeguard their personal information and carry out our mandate.

## [what we want to achieve]

To maintain sustainable, high-quality tax, benefit, and related services through modern management practices and a sound infrastructure.

## [strategic context]

As we modernize our public-facing services to be in line with the principles identified in our strategic directions, we have found many opportunities to apply similar efficiencies and improvements to our back-office operations. Our strategic directions also call on us to evolve the culture of our workforce and workplace into a highly engaged and collaborative organization capable of responding to the challenges of the future.

We have made progress in many areas, such as:

- we now have paperless workflows and self-service tools that are streamlining operations and delivering efficiency gains;

## [our activities to enable core business operations]

We use modern management methods and practices that ensure that we:

- carry out effective human resources practices that support the achievement of business objectives;
- sustain and develop our information technology (IT) assets, which are critical to delivering our programs;

- comply with the accountability requirements of financial and administrative legislation, regulations, government policies, and directives;
- protect the confidentiality and ensure the security of taxpayer and benefit recipient information at all times; and
- use sound risk management principles for responsible decision-making and good governance.

## [moving forward]

### integrity and security

Integrity and ethical behaviour from our employees is essential to maintaining trust and confidence in our tax and benefit administration. Using tools such as the Integrity Framework, we will continue to foster employee adherence to the CRA's core values of integrity, professionalism, respect, and co-operation. To help accomplish this goal we are investing \$24 million in projects that will strengthen controls over employee access to sensitive information, as well as ensure that taxpayer information is being used for its intended purpose.

The CRA's Integrity Framework brings together our policies, programs, and processes in a way that further contributes to a strong integrity culture and helps us identify areas that we need to strengthen.

“ Our **objective** is to ensure that CRA data, information, and assets continue to be protected. ”

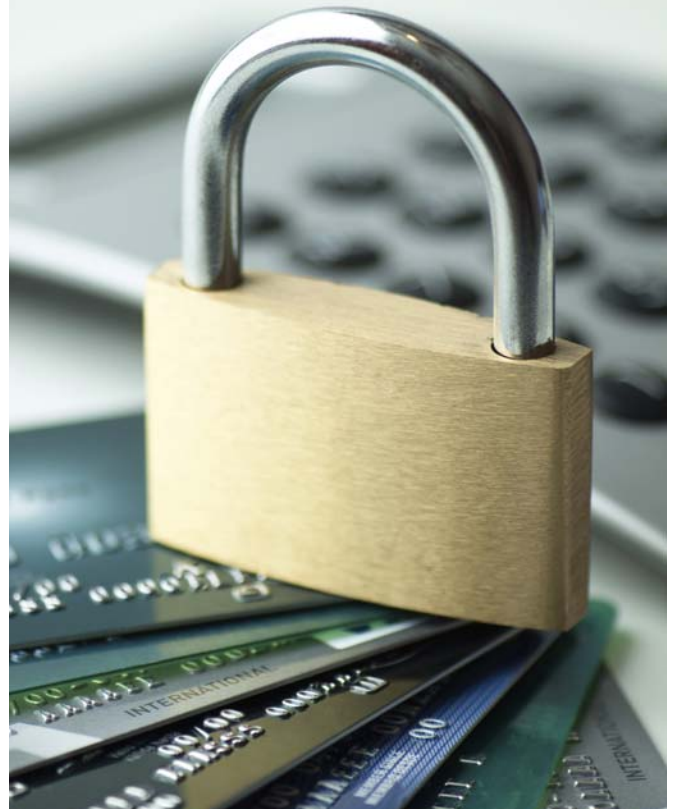
In recent years we have focused on improving the controls we use to prevent inappropriate access to or disclosure of information. Given that we have a very large Internet presence and manage vast quantities of sensitive and confidential taxpayer information, our objective is to ensure that CRA information holdings and IT assets continue to be protected from all existing and future threats, including Internet-based service attacks.

Over the planning period, we will:

- improve the way we manage employee access to the systems that contain sensitive information;

- continue to develop and implement a comprehensive security awareness program and update security-related policy instruments; and
- evolve our IT security program to ensure that the CRA continues to meet or exceed the standards set out by the Government of Canada.

The **trust** and **confidence** Canadians place in the CRA is built on a **culture of integrity** and is at the core of what we do.



### efficiency

The CRA continues to promote the efficient and effective use of financial resources. In addition to rigorous financial controls that ensure spending is authorized and appropriate, the CRA undertakes thorough planning to allocate resources to initiatives and activities that clearly support program outcomes and government priorities, while addressing emerging threats and risks. We will continue to ensure that full information, including the results of research and analytics at the CRA level, is available to guide decisions on strategic investments.

Automation is one means that the CRA uses to become more efficient. The investments we have made and continue to make in technology are reducing the cost of individual transactions. Leveraging IT infrastructure has provided us with some flexibility to direct resources to other areas of priority, including those that will continue to rely on knowledge workers, due to the complexity of work and judgement required.

As an organization, the CRA is present in many buildings across Canada. By adopting efficient approaches to our use of buildings and office space, we will improve sustainability and reduce our overall spending on real property, while maintaining a good working environment for our employees.

We continue to pursue innovative arrangements when they make good business sense. Recently, in response to the Library and Archives Canada's announcement of its intention to suspend its paper storage services, the CRA announced that it would be moving to a managed storage solution for paper records.

“ We continue to **count** on the **expertise** and **resilience** of our workforce to **deliver** our **core services**. ”

The CRA is re-designing its approach to the management of paper records to eliminate processing steps and increase efficiencies. This process will help the CRA manage the decreasing workload associated with paper records as the uptake of e-services by Canadians increases. As the CRA takes the security of all taxpayer information very seriously, we will ensure that the personal information and privacy of taxpayers and benefit recipients continues to be safeguarded with this new approach.

More and more, tax authorities around the world are turning to business intelligence to better understand taxpayer behaviour and to identify more efficient administrative processes. The CRA has made significant progress in using business intelligence in several programs and will develop a strategy for the comprehensive application of intelligence across programs where this will make us more effective and efficient.



Over the planning period, we will:

- continue to advance technology-enabled automation and self-service in internal and external activities;
- engage a private-sector service provider to manage paper records storage and retrieval processes;
- undertake measures to improve efficiency and sustainability in our use of office space; and
- develop a business intelligence strategy.

## sustainability

We are working to ensure that resources are invested to meet our growing business needs and achieve long-term sustainability, ensuring that our tax and benefit services have the proper resources, infrastructure, and guidance.

One of our biggest sustainability priorities is redesigning the T1 individual income tax program automated system (T1 redesign). With this long-term project, which underpins our largest tax program, we are working to make sure our automated system continues to support uninterrupted service and lays the foundation to achieve improved taxpayer service and enhanced operational effectiveness. The Government has provided \$251 million to the CRA so that we can update this key system over the next seven years.

For the CRA to remain successful in this environment of rapid change and restrained spending, we must keep up to date with the risks we face as an organization.

Over the planning period, we will:

- improve our monitoring of and reporting on the progress of the activities being done to address identified enterprise risks; and
- meet sustainability targets and T1 redesign milestones.

## [our people]

Our success is built on our forward-looking approach to strategic human resources planning and our ability to respond to the changing socio-economic environment. A knowledgeable and mobilized workforce is essential if we want to maintain the trust of taxpayers and support our core business operations.

### qualified and skilled employees

We continue to count on the expertise and resilience of our workforce to deliver our core service and compliance activities, and the internal services that support them.

There will always be a need for qualified, skilled employees in our organization that focus on providing the best service to Canadians. Comprehensive, forward-looking documents like HR 2020 and the Agency Strategic Workforce plan include enhanced succession planning approaches that will ensure that the CRA continues to have the appropriate workforce capacity and capability to deliver on its priorities and programs. Through training and development, as well as targeted recruitment activities, we are confident that our workforce will contain the right mix of flexibility and adaptability to meet the challenges of the future.

### agile workplace

Agility and innovation will be the watchwords as the CRA maintains business excellence while continuously transforming in response to changes in our operating environment. Collaboration will be a key to our success in meeting future challenges. We must be able to effectively work with other areas of the CRA, with other public sector organizations, the key stakeholders in the community, tax intermediaries, and international tax administrators.

Collaborative technologies will help empower this transition by offering new tools to enable change and innovation and to provide more organizational agility. For example, electronic workload distribution, virtual

management, and self-service tools will streamline our operations and improve our efficiency.

### high performing organization

The CRA's healthy work environment – focused on alignment, strong results and renewal, and characterized by trust – will be built on a partnership of executives, managers, and employees. Each partner will be willing to innovate and to challenge traditional ways of thinking and working together.

Executives will continue to actively undertake their people-management responsibilities by communicating openly and sharing information. Managers will be a vital link in the communications chain, translating the CRA's mandate and strategic vision into concrete program objectives and meaningful responsibilities for individual employees. Performance management will be anchored in continuous feedback between managers and employees, reported on through the performance expectations and assessment process.



### integrity-based leadership

Engaging and inspiring our people to contribute their best by ensuring a healthy work environment, communicating direction and its purpose, connecting meaningfully, and

encouraging them to share their ideas for improvement are central to our people management approach.

Succession planning and leadership development will enable the organization to have the right leaders in place who are ready, willing, and capable of delivering on our program objectives. Given the evolution of the CRA business, operating environment and workforce, there will be a focus on equipping managers and executives for their increasingly important transformational leadership and change management roles. Leaders are key to the successful implementation of business transformations because they can influence and shape their organization's attitude and beliefs on change and innovation.

Over the planning period, we will:

- develop and publish the 2013-2016 Agency Strategic Workforce plan in alignment with Vision 2020 to ensure that the CRA has the workforce needed to meet its current and future business needs; and
- in the 2013-2014 cycle, the CRA will develop and implement new processes that strengthen the performance management program.

## [conclusion]

The CRA is a large and mature organization operating in a complex socio-economic context. To address our evolving business requirements, we will continue to develop innovative management practices. We are confident that, based on our human resources capacity and our solid financial and administrative processes, our corporate foundation will advance our strategic directions and ensure the sustainability of our core business activities.







# 7 [board of management strategic priorities]

The Board will closely **monitor** the effects of the current operating environment and the challenges facing the CRA as it **advances** its Vision 2020.

## [board goal for 2013-2014 to 2015-2016]

Again this year, the Board's goal for the period is twofold: first, to ensure that the CRA has the strategic framework it needs to move forward with Vision 2020; second, to ensure that modern and effective management practices are in place.

## [board priorities for 2013-2014 to 2015-2016]

While the Board will continue to provide oversight in all areas for which it has statutory responsibilities as stated in the *Canada Revenue Agency Act*, its key areas of focus are informed by the strategic directions set out in the CRA's Vision 2020. The overarching goal is to better serve Canadians through more citizen-focused services, enhanced self-service offerings, and more effective compliance activities. In so doing, the Board will also ensure that the CRA improves its overall effectiveness and efficiency.

The Board's key priorities for the planning period are described below.

### strategic outlook

As the CRA continues to contribute to fiscal restraint, the Board will assure itself that the CRA continues to deliver a world-class tax and benefit administration that is responsive, effective, and trusted. The Board will accomplish this by providing guidance, and overseeing the progress of CRA's Vision 2020. Key Board activities will include providing direction on the development of the CRA's Corporate

Business Plan and holding a strategic planning meeting with senior management to discuss the key initiatives the CRA will undertake to advance Vision 2020, with a specific focus on small- and medium-sized enterprises.

### service to **canadians**

The Board will assure itself that the CRA's renewed service strategy focuses on taxpayer-centric approaches based on segmentation, first contact resolution, enhancements to electronic service offerings, and the provision of services across the compliance continuum. The Board will also ensure that the CRA's services are based on improved business intelligence, including taxpayer insight and expectations, and that they are delivered in the most effective and efficient manner possible.

### **people and human resources management**

The CRA's success in moving forward with its Vision 2020 depends on its people. Therefore, an important priority of the Board will be to ensure that the CRA has the leadership and the human resources function it needs to effectively manage a modern workplace and an increasingly agile and knowledgeable workforce.

As the CRA's workforce profile transforms and key employees retire, other important Board undertakings will include providing direction on the Agency's Strategic Workforce plan to ensure that it is aligned with current and future needs in employee competencies and skills. The Board will also monitor the development of strategies and plans for talent management, succession planning, employee/management development and training, and effective knowledge transfer.

In addition, the Board will continue to oversee labour negotiations, including being engaged in the CRA's collective bargaining process with the Union of Taxation Employees component of the Public Service Alliance of Canada, whose collective agreement expired on October 31, 2012.

## integrity

As noted earlier in the Summary of the Corporate Business Plan, the public's trust in the integrity of the CRA is essential for the CRA to be effective, efficient, and sustainable. As a result, an important responsibility of the Board will be to oversee the measures taken to foster and promote integrity in the CRA, to prevent, monitor, detect, and manage breaches of integrity, and to mitigate the risk of internal fraud. This includes the Board's oversight of CRA management practices and systems to protect the confidentiality and security of taxpayer and benefit recipient information and the evolution of the CRA's information technology security program.

## information technology responsiveness and sustainability

Sustaining and advancing information technology is critical to the CRA's ability to effectively and efficiently deliver its core programs and achieve its Vision 2020 initiatives. Therefore, the Board will assure itself that information technology responsiveness and sustainability is well-defined and achieved. This includes approving the CRA's renewed information technology strategy and monitoring the investment priorities required to maintain the efficient and effective delivery of CRA programs and Vision 2020 initiatives. Over the planning period, the



Board will continue to oversee the information technology infrastructure services provided to the CRA by Shared Services Canada, and it will monitor the governance framework and relationship management agreements signed between the two organizations.

## effective oversight and governance

An important oversight role of the Board is to assure itself that the CRA has a rigorous internal accountability structure that is aligned with key CRA and Board priorities. A fundamental element the Board uses to fulfil this responsibility is to set performance objectives for the Commissioner, and to do a mid-year review as well as an annual performance assessment. The Board will also provide input into the performance objectives and assessments of key CRA senior executives.

Another valuable oversight tool the Board will continue to use is the Board of Management Oversight Framework (BoMOF). As a complement to the Management Accountability Framework assessment process managed by the Treasury Board Secretariat, the BoMOF is designed for the Board to assess, in those areas under its purview, the CRA's management processes, practices, and results against a clear list of management expectations.

On the governance front, the Board will continue to evolve its advisory role to senior management, in order to ensure the best use of Board members' experience and expertise. It will also enhance its own processes and practices to improve overall Board effectiveness and efficiency.





# [conclusion by the commissioner]



“I am **deeply committed** to **service** and **integrity** and am honoured to join an organization where these **principles resonate so strongly.**”

— **Andrew Treusch**

As the new Commissioner of the Canada Revenue Agency (CRA) I am excited to be assuming the leadership of a world-class tax administration. The CRA has an exemplary reputation. We are a capable and focused organization with a management and staff who are committed to excellence. As we move forward to meet the challenges of the future and implement our strategic vision, I feel fortunate to be assuming the leadership of this dynamic agency.

The work that we do is essential to the social and economic well-being of Canadians. We support social programs and economic growth by delivering credits and benefits to individuals and businesses and by collecting the revenue needed for governments to provide vital programs and services. Our goal is to provide exceptional service, protect Canada's revenue base, and deliver timely and correct credit and benefit payments. We are an organization that has always valued and demonstrated integrity in all of our actions and we will continue to promote this core corporate value.

We are committed to continually improving service while also contributing to the federal government's deficit reduction goals by transforming the way that we do business. We have developed a road map to help us build on our strengths and meet the challenges of the future. This agenda is ambitious, but I feel confident that we have the right plan, the right tools, and the right people to do the job.

I am excited to have joined the CRA at this pivotal time in its evolution. I am a strong advocate of organizational development and improvement, and place a high value on integrity and professionalism, and I am delighted to be assuming the leadership of an organization that shares these values. I look forward to leading the CRA in this period of change, as we continue to provide the high-quality services that Canadians expect and deserve.

## **Andrew Treusch**

Commissioner of Revenue and  
Chief Executive Officer of the CRA

[appendices]

# [board of management]

## [board membership]

The Board of Management of the CRA is made up of 15 members appointed by the Governor in Council. They include the Chair, the Commissioner and Chief Executive Officer, a director nominated by each province, one director nominated by the territories, and two directors nominated by the federal government. Members of the Board bring an external and diverse business perspective from the private, public, and not-for-profit sectors to the work of the CRA.

The following are the Board members, as of March 2013.

**Susan J. McArthur, B.A., ICD.D**

Chair, Board of Management  
Senior Investment Banker  
Jacob Securities Inc.  
Toronto, Ontario

**Myles Bourke, B.Comm., FCPA, FCA**

Corporate Director  
Lethbridge, Alberta

**Richard J. Daw, CFP, CMC, FCA**

Senior Counsel  
Deloitte  
St. John's, Newfoundland and Labrador

**Raymond Desrochers, B.Comm., CA, CFE**

Partner  
BDO CANADA LLP Chartered Accountants & Consultants  
Winnipeg, Manitoba

**Gerard J. Fitzpatrick, FCA, TEP**

Partner  
Fitzpatrick & Company Chartered Accountants  
Charlottetown, Prince Edward Island

**Gordon Gillis, B.A., LL.B.**

Corporate Director  
Eureka, Nova Scotia

**Norman G. Halldorson, B.Comm., CA, FCA**

Corporate Director  
Clavet, Saskatchewan

**Fauzia Lalani, P.Eng.**

Executive Consultant  
Suncor Energy Services Inc.  
Calgary, Alberta

**Robert (Bob) Manning, BBA**

Associate  
Owens MacFadyen Group  
Saint John, New Brunswick

**Margaret Melhorn, B.A., M.A.**

Corporate Director  
Yellowknife, Northwest Territories

**James R. Nininger, B.Comm., M.B.A., Ph.D**

Corporate Director  
Ottawa, Ontario

**Luce Samoisette, LL.M., MS Taxation, DDN, LL.B.**

President  
Université de Sherbrooke  
Sherbrooke, Quebec

**Sylvie Tessier, B.Sc, M.B.A., P.Eng., ICD.D**

Director of Professional Services  
Hewlett Packard  
Toronto, Ontario

**Richard (Rick) Thorpe, CMA, FCMA**

Corporate Director  
Penticton, British Columbia

**Andrew Treusch, B.A., M.A.**

Commissioner and Chief Executive Officer  
Canada Revenue Agency  
Ottawa, Ontario

The Board of Management is responsible for overseeing the organization and administration of the CRA as well as the management of its resources, services, property, personnel, and contracts. The Board is supported by four committees with mandates to assist the Board in fulfilling its oversight responsibilities; the role and membership of these committees are outlined below. In addition, the Board has delegated to a specially-constituted subcommittee, the responsibility for reviewing and approving the Board of Management Oversight Framework (BoMOF), and for conducting the annual assessment of the performance of the CRA against the BoMOF.

#### Audit Committee

<b>Mandate</b>	The Audit Committee reviews the CRA's accounting framework, financial and performance information, internal controls and risk tolerance, and compliance with financial and environmental legislation.	
<b>Membership</b>	Chair	N. Halldorson
	Vice-Chair	R. Daw
	Members	M. Bourke, G. Fitzpatrick, S. McArthur

#### Governance Committee

<b>Mandate</b>	The Governance Committee reviews all aspects of the Board's governance framework to ensure that the Board functions in an effective and efficient manner that successfully supports the operations of the CRA.	
<b>Membership</b>	Chair	J. Nininger
	Vice-Chair	S. Tessier
	Members	M. Bourke, G. Gillis, R. Desrochers, A. Treusch, S. McArthur

#### Human Resources Committee


<b>Mandate</b>	The Human Resources Committee reviews the management of human resources within the CRA and provides recommendations and advice on the CRA's human resources management strategies, initiatives, and policies.	
<b>Membership</b>	Chair	G. Gillis
	Vice-Chair	L. Samoissette
	Members	J. Nininger, A. Treusch, S. McArthur

#### Resources Committee

<b>Mandate</b>	The Resources Committee reviews the CRA's operating and capital budgets and oversees the development of administrative management frameworks, strategies, policies and practices for the management of funds, real property, contracts, equipment, information, information technology, and environmental obligations.	
<b>Membership</b>	Chair	F. Lalani
	Vice-Chair	S. Tessier
	Members	R. Thorpe, R. Manning, A. Treusch, S. McArthur




# [organizational structure]



**The Honourable Gail Shea**  
**Minister of National Revenue**  
 The minister is responsible for the Canada Revenue Agency



**Susan J. McArthur**  
**Chair, Board of Management**  
 The Board is responsible for overseeing the organization and administration of the CRA and the management of its resources, services, property, personnel, and contracts.



**Andrew Treusch**  
**Commissioner and Chief Executive Officer**  
 The commissioner is the chief executive officer of the CRA and is responsible for its day-to-day management and direction.

**Bill Jones**  
**Deputy Commissioner**  
 The deputy commissioner supports the commissioner and chief executive officer in the day-to-day management and direction of the CRA.

**Anne-Marie Lévesque**  
 Assistant Commissioner  
**Appeals**

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**Dave Bennett**  
 Assistant Commissioner  
**Assessment and Benefit Services**

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**Terrance McAuley**  
 Assistant Commissioner  
**Compliance Programs**

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**Brian McCauley**  
 Assistant Commissioner  
**Legislative Policy and Regulatory Affairs**

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**Michael Snaauw**  
 Acting Assistant Commissioner  
**Taxpayer Services and Debt Management**

**Peter Estey**  
 Assistant Commissioner  
**Atlantic**

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**Darrell Mahoney**  
 Assistant Commissioner  
**Ontario**

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**Maureen Phelan**  
 Assistant Commissioner  
**Pacific**

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**Cheryl Bartell**  
 Assistant Commissioner  
**Prairie**

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**Gabriel Caponi**  
 Assistant Commissioner  
**Quebec**

**Brian Philbin**  
 Assistant Commissioner and  
 Chief Audit Executive  
**Audit, Evaluation, and Risk**

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**Filipe Dinis**  
 Chief Financial Officer  
 and Assistant Commissioner  
**Finance and Administration**

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**Diane Lorenzato**  
 Assistant Commissioner  
**Human Resources**

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**John Messina**  
 Chief Information Officer and  
 Assistant Commissioner  
**Information Technology**

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**Micheline Van-Erum**  
 Assistant Deputy Attorney General  
**Legal Services**

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**Sandra Lavigne**  
 Assistant Commissioner  
**Public Affairs**

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**Catherine Bennett**  
 Assistant Commissioner  
**Strategy and Integration**

As of February 2013



# [service standards]

## [introduction]

External service standards represent the CRA's commitment to the level of service that citizens can expect under normal circumstances. They also reinforce our commitment to transparency, management accountability, and citizen-focused service.

## [managing our service standards]

The CRA will continue to examine opportunities for introducing new service standards to keep pace with changes, client preferences or expectations, technology and business processes, as well as with our evolving service offerings. Service standards will continue to reflect the CRA's enhancements to electronic services. We recognize the importance of client input and are taking steps to ensure that taxpayer and benefit recipient perspectives, are considered as service standards evolve.

## [introduction of new service standards]

The two new charities written enquiries service standards will provide taxpayers with a response to routine written enquiries in 30 calendar days or less of receipt, and to complex written enquiries in 75 calendar days or less of receipt.

We are introducing two new standards for processing a request to authorize or cancel a representative: one for electronic requests and one for paper. We will assess electronic requests in five business days or less and paper requests within 20 business days.

Priority	Service	Standard	Target
<b>Assisting Taxpayers</b>	Charities – written enquiries – routine	Our goal is to review and respond to <b>routine</b> written enquiries in 30 calendar days or less of receipt.	80%
	Charities – written enquiries – complex	Our goal is to review and respond to <b>complex</b> written enquiries in 75 calendar days or less of receipt.	80%
	Processing a request to authorize or cancel a representative – paper	Our goal is to process your complete paper request to authorize or cancel a representative in <b>20 business days</b> or less of receipt by the CRA provided the request is complete.	90%
	Processing a request to authorize or cancel a representative – electronic	Our goal is to process your complete electronic request to authorize or cancel a representative in <b>5 business days</b> or less of receipt by the CRA provided the request is complete.	90%

## [revisions to existing service standards]

We are proposing to change two service standards.

The standard for processing excise tax, excise duty, softwood lumber returns, and air travellers' security charge returns target was in 90 calendar days or less 95% of the time. As a result of our increased efficiency in processing these returns, we are lowering the assessment time from 90 to 60 calendar days.

The current standard for processing T2 corporation income tax returns is an average of the time to process both paper and electronic returns. We have created two separate service standards for processing T2 corporation income tax returns: one for electronic and one for paper. We will assess electronically filed T2 returns in 45 calendar days or less, and paper filed T2 returns in 90 calendar days or less. This clearly sets out that the CRA usually takes less time to process electronic returns, and aims to encourage T2 filers who are not mandated to file their returns electronically, to do so.

Priority	Service	Standard	Target
<b>Assisting Taxpayers</b>	Processing excise tax, excise duty, softwood lumber returns, and air travellers security charge returns	Our goal is to assess excise tax, excise duty, softwood lumber returns, and air travellers' security charge returns in <b>60 calendar days</b> or less of receipt.	95%
	Processing T2 corporation income tax returns – electronic	Our goal is to assess <b>electronic</b> T2 returns (corporation income tax) in <b>45 calendar days</b> or less.	90%
	Processing T2 corporation income tax returns – paper	Our goal is to assess <b>paper</b> T2 returns (corporation income tax) in <b>90 calendar days</b> or less.	90%

## [retirement of service standards]

The CRA remains committed to developing a service standard portfolio that is relevant to clients and responds to changes in our operating environment. As part of this ongoing review process, we will retire four of our existing service standards.

The service standards for processing a request to authorize or cancel a representative – accuracy – peak and non-peak will be retired. These standards, at 98% accuracy, could be perceived inaccurately by the public as indicating that 2% of the time, the wrong person is given representative access.

We are retiring two service standards for timeliness (peak and non-peak) for processing a request to authorize or cancel a representative. Two new service standards are being introduced for processing paper and electronic requests to authorize or cancel a representative.

Priority	Service	Standard	Target
<b>Assisting Taxpayers</b>	Processing a request to authorize or cancel a representative – accuracy (peak)	Our goal is to accurately process your request to authorize or cancel a representative; if necessary, we will send you a letter requesting additional information.	98%
	Processing a request to authorize or cancel a representative – accuracy (non-peak)	Our goal is to accurately process your request to authorize or cancel a representative; if necessary, we will send you a letter requesting additional information.	98%
	Processing a request to authorize or cancel a representative - timeliness (peak)	Our goal is to process your request to authorize or cancel a representative during peak tax time (mid-March to mid-July) within 20 business days of receipt by the CRA.	90%
	Processing a request to authorize or cancel a representative - timeliness (non-peak)	Our goal is to process your request to authorize or cancel a representative received during non-peak tax time, (mid-July to mid-March) within five business days of receipt by the CRA.	90%

# [financial tables]

## [planning summary]

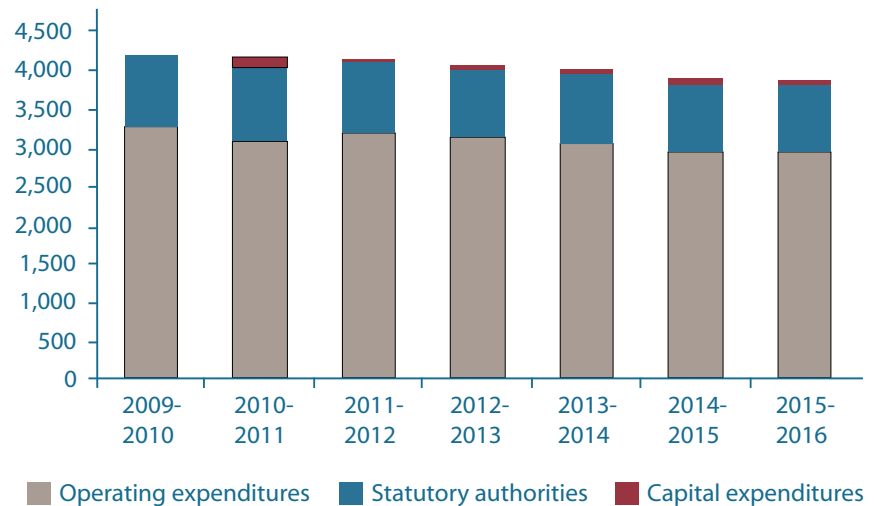
As illustrated in Figure 1, the total spending amounts include all Parliamentary appropriations (Main Estimates and Supplementary Estimates) and revenue sources which have been adjusted to exclude one-time funding for amounts carried-forward from the previous year, as well as maternity and severance payments and disbursements to provinces under the *Softwood Lumber Products Export Charge Act, (2006)*. Total spending also includes: policy and operational initiatives arising from various Federal Budgets and Economic Statements; transfers from the Department of Public Works and Government Services Canada for accommodations and real property services; the commencement of responsibilities related to the administration of corporate tax in Ontario and the harmonization of sales tax in Ontario and British Columbia.

Furthermore, over the period 2009-2010 to 2015-2016, the Agency's Statutory Authorities have fluctuated as a result of adjustments to the Children's Special Allowance payments for eligible children in the care of agencies and institutions as well as adjustments to the rates for the contributions to employee benefit plans and increases to the spending of revenues received through the conduct of operations pursuant to Section 60 of the *Canada Revenue Agency Act*.

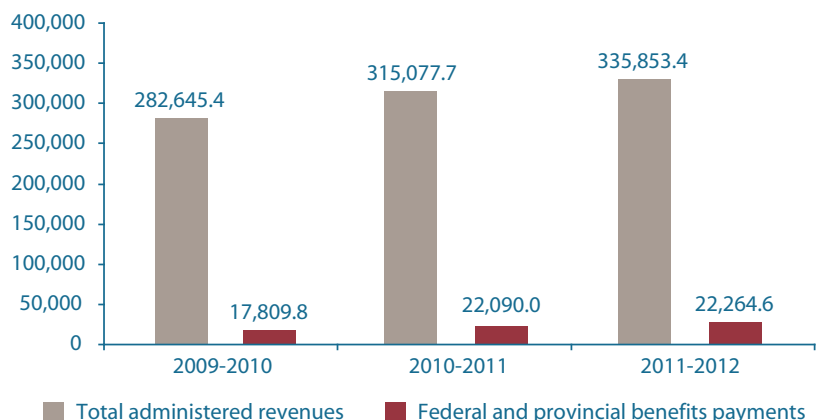
Finally, the period 2012-2013 to 2015-2016 also reflects the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching \$196M by 2015-2016.

As depicted in Figure 2, over the same period, the CRA's work volumes, as measured by administered revenues, number of transactions and benefit payments have been trending upwards.

**Figure 1: Planned base spending trend (in millions of dollars)**



**Figure 2: Administered revenues and benefit payments (millions of dollars)**



## [CRA planned spending and full-time equivalents]

### CRA Main Estimates and planned spending and full-time equivalents

(thousands of dollars)	Forecast spending 2012-2013	<b>Planned spending 2013-2014</b>	Planned spending 2014-2015	Planned spending 2015-2016
<b>Total Main Estimates</b>	4,374,952	<b>4,276,823</b>	3,871,042	3,851,923
Disbursements to the Provinces under the <i>Canada-United States Softwood Lumber Agreement, 2006</i> (forecast provided for 2012-2013 and 2013-2014 only at this time)	(280,000)	<b>(283,000)</b>	-	-
Taxpayers' Ombudsman	(3,124)	<b>(3,098)</b>	(2,967)	(2,970)
<b>Supplementary Estimates</b>				
Transfer from Public Works and Government Services Canada - Reduction in Accommodation Requirements	7,600	-	-	-
Transfer to Shared Services Canada - to adjust funding for IT infrastructure services	(4,261)	<b>(6,586)</b>	(6,477)	(6,477)
Extension of funding to administer the <i>Canada-United States Softwood Lumber Agreement, 2006</i> to 2015-2016				10,534
<b>Other Adjustments</b>				
Savings arising from the Budget 2012 spending review	(22,202)	-	-	-
Return of funding previously provided for the ongoing administration of the Harmonized Sales Tax in British Columbia	(11,767)	-	-	-
Adjustment to the spendable non-tax revenues	(21,090)	-	-	-
Canada Pension Plan / Employment Insurance administration - adjustment to funding for the associated employee benefits		<b>326</b>	442	442
<b>Planned base spending</b>	4,040,107	<b>3,984,465</b>	3,862,040	3,853,451
Taxpayers' Ombudsman	3,124	<b>3,098</b>	2,967	2,970
<b>Items not yet included in outer years' planned spending</b>				
Carry forward from 2011-2012	248,318	-	-	-
Maternity and Severance payments (funding included for 2012-2013 only at this time)	175,000	-	-	-
Statutory disbursements to the Provinces under the <i>Canada-United States Softwood Lumber Agreement, 2006</i> (forecast provided for 2012-2013 and 2013-2014 only at this time)	280,000	<b>283,000</b>	-	-
	703,318	<b>283,000</b>	-	-
<b>Total planned spending</b>	4,746,549	<b>4,270,563</b>	3,865,007	3,856,421
Respendable non-tax revenues pursuant to the <i>Canada Revenue Agency Act</i>	(185,679)	<b>(193,779)</b>	(190,792)	(188,659)
Cost of services received without charge	428,027	<b>421,532</b>	412,199	410,307
<b>Total CRA spending<sup>1</sup></b>	4,988,897	<b>4,498,316</b>	4,086,414	4,078,069
<b>Full-time equivalents (planned)</b>	41,144	<b>39,371</b>	38,354	38,209

<sup>1</sup> Details may not add to totals due to rounding.

## CRA planned spending by program and full-time equivalents

(thousands of dollars)	Forecast spending 2012-2013 <sup>1</sup>	<b>Planned spending 2013-2014<sup>1</sup></b>	Planned spending 2014-2015 <sup>1</sup>	Planned spending 2015-2016 <sup>1</sup>
<b>Program</b>				
Taxpayer and business assistance	561,868	<b>538,855</b>	245,811	243,702
Assessment of returns and payment processing	641,475	<b>595,735</b>	559,701	575,033
Accounts receivable and returns compliance	478,265	<b>428,029</b>	413,039	410,235
Reporting compliance	1,099,842	<b>1,015,345</b>	988,246	980,097
Appeals	179,149	<b>178,625</b>	173,148	169,228
Benefit programs	383,130	<b>382,510</b>	382,314	385,942
Internal services	1,399,696	<b>1,128,367</b>	1,099,782	1,089,215
Taxpayers' ombudsman	3,124	<b>3,098</b>	2,967	2,970
<b>Total planned spending</b>	<b>4,746,549</b>	<b>4,270,563</b>	3,865,007	3,856,421
Respendable non-tax revenue pursuant to <i>Canada Revenue Agency Act</i>	(185,679)	<b>(193,779)</b>	(190,792)	(188,659)
Cost of services received without charge	428,027	<b>421,532</b>	412,199	410,307
<b>Total CRA spending<sup>2</sup></b>	<b>4,988,896</b>	<b>4,498,316</b>	4,086,414	4,078,069
<b>Full-time equivalents (planned)</b>	41,144	<b>39,371</b>	38,354	38,209

- <sup>1</sup> The reduction in Forecast/Planned Spending over the planning period (from \$4.747B in 2012-2013 to \$3.856B in 2015-2016) is primarily attributable to:
- (a) certain technical adjustments that are reflected only in 2012-2013 – a carry-forward from 2011-2012 (\$248M) and funding for maternity and severance benefits (\$175M);
  - (b) the fact that Planned Spending in 2014-2015 and 2015-16 does not yet include a forecast of disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006* (which amounted to \$280M in 2012-2013 and \$283M in 2013-2014); and
  - (c) the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching \$196M by 2015-2016.

- <sup>2</sup> Details may not add to totals due to rounding.

## [list of tables]

The following tables are available electronically on the CRA's Web site:

[www.cra.gc.ca/rppe](http://www.cra.gc.ca/rppe)

Details on Transfer Payment Programs  
 Greening government operations  
 Sources of Respendable and Non-Respendable revenue  
 Summary of capital spending by program  
 Respendable non-tax revenue  
 Upcoming internal audits and evaluations over the next three fiscal years  
 User fees